

EUROPEAN ECONOMY

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Recent economic trends

*In this number :
Price developments
in the Community*

Industrial output recovers in February. — As the weather became virtually normal for the season, industrial output in the Community recovered. The February industrial production index (seasonally adjusted) was 1,5 % up on the January index; the countries with the largest shortfalls made up lost ground, with industrial output up by 8,1 % in Italy and by 4,7 % in France. Owing to the unusual weather, it is impossible to say whether these increases simply make up for lost time, or whether they also involve a reversal of the downward trend observed in the two countries concerned in the last quarter of 1984. In the other countries for which data are available, industrial output declined in February. The 0,2 % contraction in the United Kingdom and the 1,9 % fall in the Netherlands were due to a reduction in energy output, while the 0,6 % decline in Germany was mainly attributable to the car industry and the food industry. The industrial production index for the Community as a whole was 3,4 % higher in February 1985 than the corresponding index for February 1984; differences over twelve months in the Member States ranged from -2,9 % (France) to +13,4 % (Ireland).

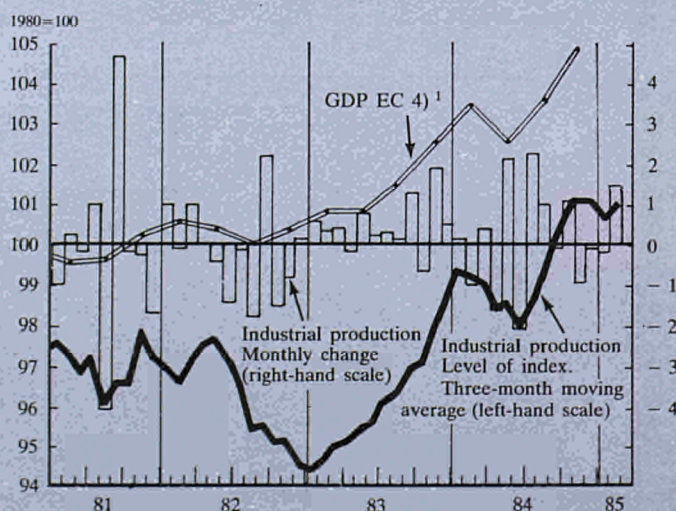
Unchanged rate of unemployment. — In March 1985, the seasonally adjusted rate of unemployment in the Community remained at 11,4 % for the third consecutive month. This was a fairly disappointing result, since the improved weather had led to hopes of a decline. Only Ireland and the Netherlands showed improvements, and these marginal at 0,1 % and 0,2 % respectively, while the rate rose slightly in Germany, Italy and the United Kingdom. With the exception of Denmark, Luxembourg and the Netherlands, the Member States recorded higher rates of unemployment in the first quarter of 1985 than in the last quarter of 1984; the deterioration was most pronounced in Germany (from 8,3 % to 8,6 %), Ireland (from 16,6 % to 17 %) and Italy (from 13,1 % to 13,4 %). The rate of unemployment in the Community as a whole rose from 11,2 % in the last quarter of 1984 to 11,4 % in the first quarter of 1985.

Deterioration in Community's visible trade balance. — The Community's seasonally adjusted deficit on visible trade has increased significantly in recent months. The provisional monthly figures for February 1985 show a deficit of 3447

million ECU (Table A.5), almost half as high again as the monthly average for 1984. The trend, at least as indicated by a three-monthly moving average which may have been subject to distortions as a result of weather conditions, has also been deteriorating sharply. The figure for the three months ending in February 1985 is, at 2946 million ECU, worse than at any time since 1981. Substantial increases in the French and Italian visible trade deficits in recent months, together with a progressive reduction in the German surplus from its record level of October 1984, have been the main factors responsible for the worsened trend at Community level.

Monetary growth slows down early in year. — Average monetary growth in the Community slowed down substan-

GRAPH 1 : Industrial production and gross domestic product (s.a.) - EC total



¹ France, Germany, Italy and UK: quarterly figures

tially in January to 0.5 % (seasonally adjusted) compared with 1 % in December 1984. The money supply contracted in three Member States, Denmark, Ireland and the Netherlands, while net money creation was very slight (0.1 %) in both Germany and France. The growth of Sterling M3 gathered momentum, however, and the money supply also expanded faster than before in Italy. Available results for February and March seem to confirm a dominant tendency towards slower rates of money creation in the Community. The quarterly rates of change in money supply in both Germany and the United Kingdom were lower in the first quarter of 1985 than in the fourth quarter of 1984; in Denmark, money supply M2, which had expanded by 5.6 % over the last three months of 1984, was 0.9 % down on its end-December level by the end of March.

Short-term interest rates ease. — Average short-term interest rates in the Community eased by four tenths of a point in April to 10.4 %, virtually the same level as at the beginning of the year. The cost of money declined in all the Member States except the Netherlands, although to varying degrees. The decline was large in Greece (after a substantial rise in March), and appreciable in Denmark, Belgium (where the central bank reduced interest rates on one-month Treasury certificates from 10.45 % to 9.25 %, in several stages), Ireland (where rates on the interbank market eased further) and the United Kingdom (where several major banks further

reduced their base rates). In Germany, France and Italy, the decline was smaller. Rates on US Treasury bonds, unlike European rates, rose in April, from 8.2 % at the end of March to 8.8 % by the end of April. Average Community long-term rates remained virtually stable in March (rising by 0.1 point), but different developments were observed in the individual Member States.

Sharp reverse for dollar in April. — The dollar fell by 7.4 % against the ECU between March (average) and April (average), returning to a level close to that of October 1984. As has often been the case in the recent past, the yen followed a middle path between the dollar and the ECU, falling by 4.6 % against the latter currency between March and April. The sudden reversal of the dollar's fortunes did not lead to any widening of margins within the EMS : throughout April the gap between the weakest currency (the lira) and the strongest (the Irish pound, for most of the month) remained in the range of 3 to 3 ½ %. After the lira's abrupt descent through the narrow fluctuation band in February and March, falling by around 5 % against the ECU in the process, that currency's position below the band remained relatively stable through April. Sterling was stable against the ECU in the first half of April, then gained ground in the third week before relinquishing some of its gains in the final week of the month. On average between March and April it gained 3.1 % against the ECU.

TABLE 1 : Principal price deflators of components of GDP
(Percentage change on previous period, annual rates; seasonally adjusted)

	GDP ¹⁾	Imports ²⁾	Exports ³⁾	Final Domestic demand ³⁾	Gross fixed investment	Government consumption	Private consumption
EC 4							
1982 Q1	11.1	4.3	10.5	9.4	7.3	8.8	9.5
Q2	7.8	3.0	7.1	6.6	7.9	9.3	9.2
Q3	9.2	8.9	9.3	9.1	4.4	6.2	8.4
Q4	5.9	9.0	6.9	6.4	5.3	6.9	7.5
1983 Q1	10.1	-3.0	2.9	8.4	4.9	13.6	8.2
Q2	5.7	3.6	2.6	6.0	7.2	6.2	7.1
Q3	8.4	6.5	11.6	7.1	6.9	8.6	6.6
Q4	6.1	10.0	9.0	6.3	5.3	5.9	6.3
1984 Q1	5.0	12.6	6.6	6.6	3.3	7.4	6.7
Q2	4.3	3.8	4.5	4.1	4.5	5.0	5.5
Q3	5.0	6.5	5.9	5.2	6.5	3.4	4.7
Q4	5.3	8.8	7.9	5.5	4.5	9.2	5.5
Federal Republic of Germany							
1983 Q1	3.5	-8.0	-1.9	1.6	-1.3	0.8	1.0
Q2	1.9	-5.6	-0.6	0.4	4.8	0.8	2.4
Q3	4.4	6.3	3.6	5.1	3.9	7.4	4.7
Q4	1.4	7.3	3.5	2.7	1.4	0.4	2.8
1984 Q1	0.6	6.9	3.4	1.7	1.2	2.0	2.3
Q2	1.4	0.7	1.6	1.1	1.9	3.4	1.7
Q3	2.0	1.6	2.6	1.6	1.2	-3.1	1.3
Q4	4.9	4.4	5.2	4.9	1.1	6.2	4.3
France							
1983 Q1	12.9	-9.7	-2.6	10.2	9.4	10.1	12.4
Q2	10.8	16.2	12.0	12.3	11.7	12.2	11.8
Q3	8.8	8.8	14.9	7.7	7.0	10.7	8.8
Q4	7.9	5.8	9.7	7.1	6.7	6.4	6.0
1984 Q1	5.8	23.8	7.7	9.3	4.3	14.8	7.3
Q2	6.2	-0.9	10.8	3.4	5.5	3.2	6.6
Q3	7.3	1.8	1.8	7.5	10.4	4.4	8.9
Q4	3.9	13.3	7.5	5.2	4.8	6.5	4.1
United Kingdom							
1983 Q1	7.2	20.0	13.5	8.6	2.3	20.9	6.5
Q2	0.5	5.1	2.5	1.2	2.7	-3.0	3.8
Q3	7.6	-1.9	5.8	5.6	6.7	2.0	4.4
Q4	3.0	8.9	7.2	3.4	5.5	5.6	4.2
1984 Q1	4.8	13.1	9.3	5.6	0.0	3.9	7.1
Q2	2.5	10.5	5.4	3.9	3.4	4.2	5.6
Q3	5.5	12.3	9.4	6.5	9.6	5.6	3.2
Q4	4.4	12.1	10.1	4.9	7.4	16.4	5.1
Italy							
1983 Q1	19.8	-10.0	2.9	15.5	11.6	28.3	15.4
Q2	10.8	2.5	-3.9	13.1	10.1	18.4	12.2
Q3	14.9	13.9	30.6	11.7	11.5	16.4	9.3
Q4	14.4	18.8	18.1	14.9	9.6	13.7	14.6
1984 Q1	11.0	8.9	6.1	12.1	9.6	11.5	12.2
Q2	8.1	5.6	-0.1	9.3	8.0	9.9	9.5
Q3	6.0	13.1	11.6	6.9	6.0	9.0	5.9
Q4	8.0	8.0	9.9	9.4	6.7	8.5	9.4

¹⁾ F.R. Germany : GNP.

²⁾ Goods and services including intra Community Trade. F.R. Germany: including factor incomes.

³⁾ Including inventory formation.

Sources: estimates by the Commission Services based on national accounts data for the Federal Republic of Germany, France, the United Kingdom and Italy.

Inflation increases slightly in recent months but outlook more favourable. — Although there has been some upward movement in annual inflation rates since December, when the annual rate had fallen to 5 ½ %, much of the worsening up to March, when the year to year increase was 5,9 %, can be ascribed to the more severe winter and the strong upward movement in the dollar to mid-March. These factors are more likely to turn around into more favourable influences on inflation in the months to come. Price developments are reviewed below, starting with the global price indicators calculated on the basis of the quarterly national accounts, and including also an analysis of the principal components of price increases as well as recent trends in commodity prices.

The Community's domestic cost inflation just over 5 % in the second half of 1984. — According to estimates based on the quarterly national accounts data for the four largest Member States, the price deflator of GDP in the Community, the broadest indicator of internal inflation, rose at an annualised rate of 5,3 % in the fourth quarter of 1984, marginally up on the third quarter but markedly below the increases recorded during 1983. The terms of trade worsened in the fourth quarter as the depreciation of the ECU against the dollar in the third quarter of 7 % was followed by a further 5 % in the succeeding three months. Accordingly, the deflator of final domestic demand was boosted to 5,5 % through the effects of higher import prices on the consumption, investment and stock deflators, whereas the GDP deflator, which measures changes in the price of value added in the economy (excluding, therefore, the effect of import prices contained in the deflators of final demand), rose less rapidly. Among the deflators of the main components of domestic demand different trends were in evidence. While the change in the price of private consumption returned to the second quarter level (5,5 %) from the lower figure (4,7 %) recorded in the third quarter, this was influenced undoubtedly by the sharp rise in import prices in the second half of the year. The deflator of private investment decelerated to 4,5 % (annual rate of increase) at the end of the year. The rapid growth in the price of public consumption, from 3,4 % in the third quarter to 9,2 % in the fourth, can be directly traced to distortions in the timing of back pay increases to public servants in the United Kingdom which boosted the deflator there from 5,5 % to 16,4 %.

In the four Member States for which national accounts price series are available, the behaviour of the GDP deflator has shown two contrasting developments. In the two Member States with already slow rates of increase in GDP prices, the Federal Republic of Germany and the United Kingdom, the deflator showed little, if any, improvement on a year earlier, while in the higher inflation countries, Italy and France, rates have moderated considerably.

Trend rate of inflation in the Community rises somewhat further. — The index of consumer prices in the Community in March (unadjusted) rose by 0,7 %, the same increase as in February. The seasonally adjusted rate of increase, at 0,6 %, was also similar to that recorded in February, breaking the gradual upward movement in monthly rates registered since December. The underlying trend rate of inflation, measured as the seasonally adjusted rate of change over six months at an annual rate, however, moved upwards for the third successive month to reach 6,4 %, the highest rate recorded since February 1984. All countries except Greece, where the rate has been decelerating since January, shared in this acceleration with the progressive upward movement beginning as early as September in the Netherlands and at the end of the year in most other countries. This parallel development meant that the divergence in price changes within the Community, measured as the weighted standard deviation of inflation trends in each country, was unchanged in March. The index of consumer prices in the Community in March 1985 was 5,9 % higher than a year earlier, with annual inflation rates ranging from 2,4 % in the Netherlands to 18,3 % in Greece.

Community inflation rates in the international context. — Although the slowdown in the increase in consumer prices in the Community, with the rate descending from nearly 12 % in 1981 to just under 6 % in the year to March 1985, has been considerably less rapid than achievements elsewhere (see

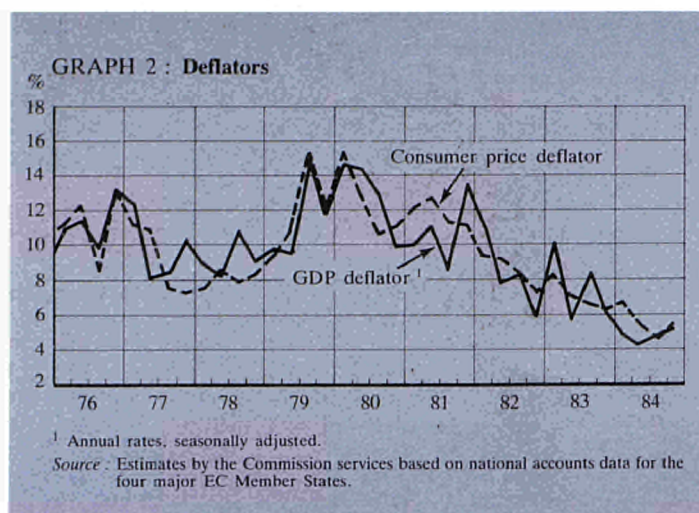


Table 2), it should be pointed out that much of this relative stickiness in Community inflation can be ascribed to the weakening in the ECU/dollar exchange rate.

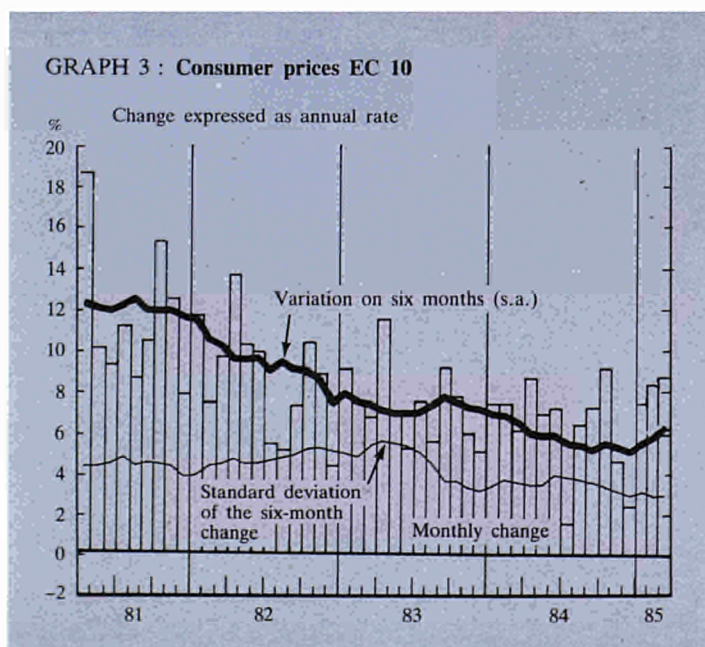
TABLE 2

Consumer price developments (% change in the consumer price index)

	1981	1982	1983	1984	March '84 March '85
EC	11,7	10,1	7,6	6,3	5,9
USA	10,3	6,2	3,2	4,3	3,8
Japan	4,9	2,7	1,9	2,2	1,6

A more detailed analysis of the origin of price increases, in fact, suggests that the underlying price performance of the Community vis-à-vis the United States is more favourable than can be gauged from the less rapid deceleration of the annual rate of increase. The depreciation of the ECU against the dollar has boosted retail prices in the Community while depressing them in the United States. Thus, as is shown in Table 3, changes in the real effective exchange rate ⁽¹⁾ for the Community as a whole have added on average 0,9 percentage points per annum, since 1981, to the Community total final expenditure deflator, while in the United States they resulted

⁽¹⁾ The contribution to the rise in prices of real exchange rate changes, can be regarded as a rough measure of the influence on inflation of monetary policy via its external impact. The difference between figures for the nominal and real exchange rates is the movement in exchange rates which would be necessary to maintain competitiveness in that year. This gives an idea of the secondary impact of domestic cost pressures on prices through exchange rate movements to compensate for cost developments which are out of line with partner countries.



in a negative contribution of 0.7 percentage points on average. On the basis of the most recent Commission forecasts of January 1985, domestic factors in both the US and the Community will, in 1985, be responsible for 3.5 percentage points of the rise in the price of total final expenditure, suggesting that the underlying trend in price increases is approximately the same in the two economies. Japanese domestic cost pressures are considerably less than in the Community or the US with only 1.3 percentage points expected to be caused by domestic factors.

Relative price performance in the individual Member States is also substantially influenced by real exchange rate changes, boosting consumer prices in all countries, except Italy, in 1983 and 1984. In 1985 inflation will, according to current forecasts, also be pushed upwards in most Community countries by the year on year depreciation of the real exchange rate. However, this development is highly dependent on exchange rate movements in the course of the year and any weakening in the dollar exchange rate could alter radically the comparisons.

Decline in dollar prices of commodities less pronounced in early 1985. — Although there has been a continued downward movement in non-oil commodity prices in dollar terms during 1984 and a more modest decline in early 1985, prices have turned upwards again in ECU terms from the last quarter of 1984 and into 1985. Oil prices have not fallen so

rapidly in dollar terms and in ECU's their upward movement has been continuous.

After the rapid increase in the first half of 1983 (see Graph 5), dollar prices of non-oil commodities have fallen continuously since the first quarter of 1984 and are now almost back to the level of the previous low point in the second half of 1982. In the first quarter of 1985 the decline was less pronounced than previously. Import prices for oil (Graph 6) have also fallen quite steadily in dollar terms although the spot price (Graph 7) has more recently held up, presumably due to the impact of the severe weather.

The appreciation of the dollar exchange rate vis-à-vis the ECU has meant that the fall in non-oil commodity prices (in ECU's) during the first three quarters of 1983 has been less than that experienced elsewhere. More recently the less rapid fall in prices in dollar terms has, due to the depreciation of the ECU against the dollar, been translated into a sharp rise in ECU terms. Thus in the first quarter of 1985 they were 3 ½ % higher than a year earlier. However, the depreciation of the ECU has had considerably more pronounced effects on oil prices, which are exclusively denominated in dollar terms, with the result that the spot price of light Arabian crude was almost 22 % higher, in ECU terms, in the first quarter, than a year earlier.

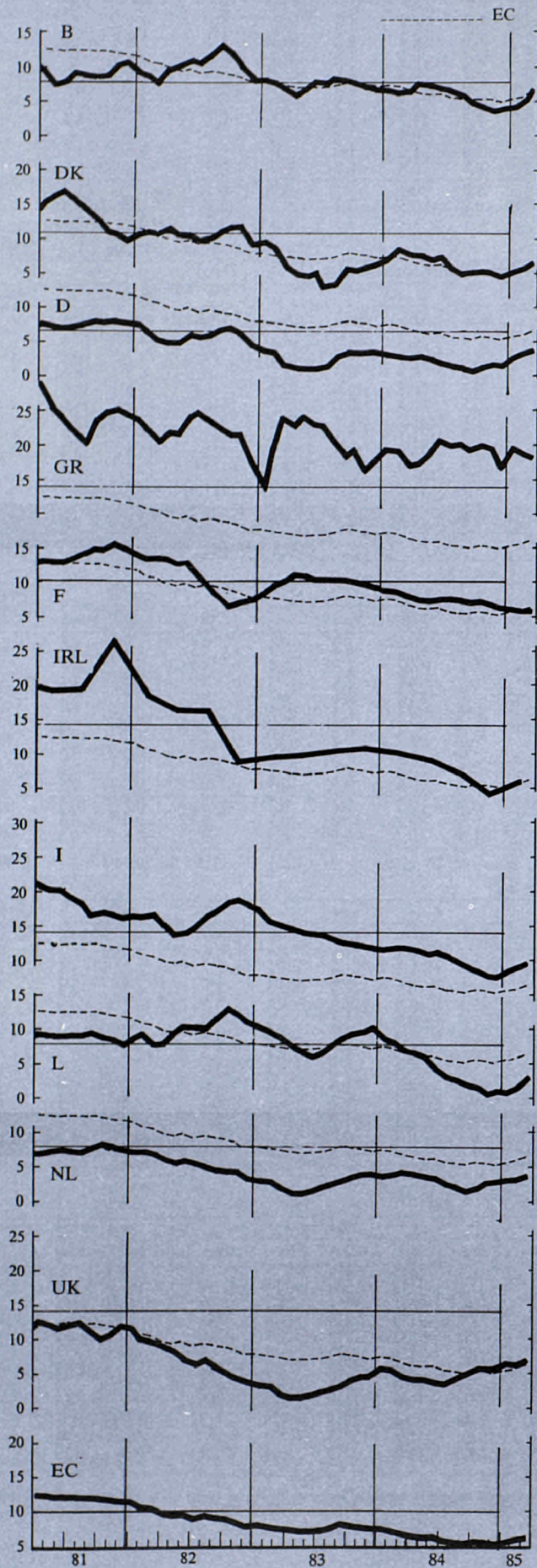
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TABLE 3 : Origin of price increases (final expenditure)

	Imports ³				Unit labour costs	Indirect taxes	Other factors	Total	of which Domestic factors
	Total	of which ⁴		of which real exchange rate					
		export prices of suppliers	nominal effective exchange rate						
EC 10									
1981	2,1	-0,1	2,0	1,7	5,0	1,0	2,5	10,6	9,0
1982	0,5	-0,2	0,8	0,8	3,4	1,0	3,0	8,0	7,4
1983	0,2	-0,5	0,8	0,7	2,4	0,8	2,0	5,4	5,3
1984 ¹	1,1	0,0	1,0	0,9	1,6	0,4	2,0	5,2	4,3
1985 ²	0,7	0,2	0,4	0,5	1,5	0,4	1,6	4,2	3,5
USA									
1981	0,1	1,3	-1,2	-1,0	3,8	1,0	3,2	8,1	7,8
1982	-0,6	0,5	-1,1	-1,2	4,9	0,4	1,0	5,6	6,3
1983	-0,4	0,1	-0,5	-0,3	1,9	0,2	1,9	3,5	3,7
1984 ¹	-0,2	0,5	-0,7	-0,6	1,3	0,3	1,8	2,7	3,4
1985 ²	0,1	0,6	-0,5	-0,6	2,3	0,3	0,8	3,1	3,5
Japan									
1981	0,1	1,8	-1,7	-1,0	2,1	0,1	0,1	2,4	1,6
1982	0,2	-0,4	0,6	1,4	1,4	0,1	0,0	1,8	0,8
1983	-0,7	0,6	-1,3	-1,5	1,3	0,0	-0,7	-0,2	0,7
1984 ¹	-0,3	0,4	-0,7	-0,3	0,1	0,0	0,3	0,2	0,1
1985 ²	0,2	0,1	0,0	0,3	0,7	0,0	0,8	1,7	1,3

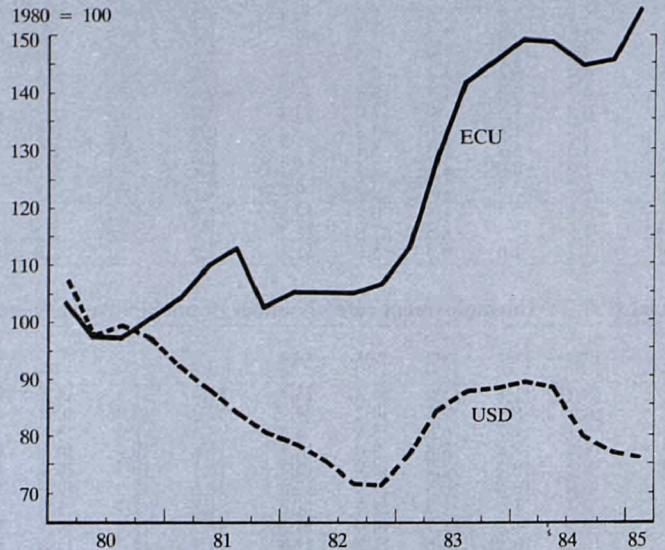
¹ Estimate.
² Forecast (January 1985).
³ Excluding intra-Community trade.
⁴ The breakdown of the total import price into its components is based on geometric rather than arithmetic weights. The elements therefore do not exactly sum to the total import contribution.
⁵ Total, excluding the effect of export prices of suppliers and real exchange rate changes. The factors were regarded as additive.
Sources: Eurostat and Commission services. For methods used, see technical annex of European Economy, No. 18, November 1983.

GRAPH 4 : Consumer price trends ¹ in EC Member States

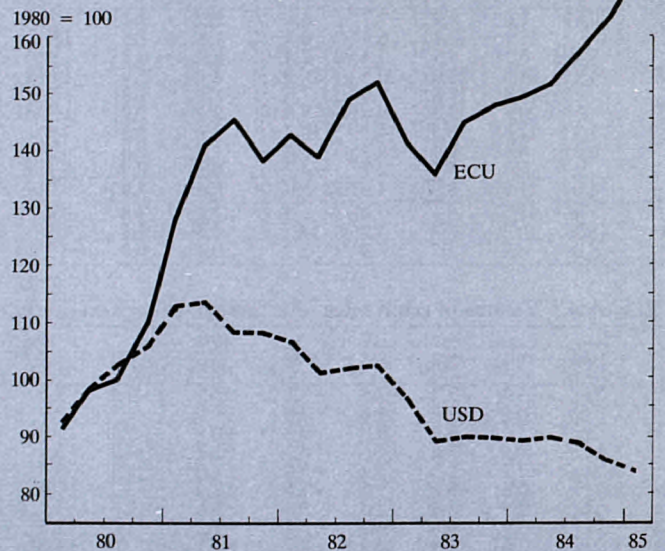


¹ Change over 6 months, annual rates (s.a.). The horizontal line indicates the average rate of change from 1970 to 1980.

GRAPH 5 : Commodity prices
(The Economist's index, all items)



GRAPH 6 : Import price (cif) of crude oil



GRAPH 7 : Price of crude oil, USD per barrel

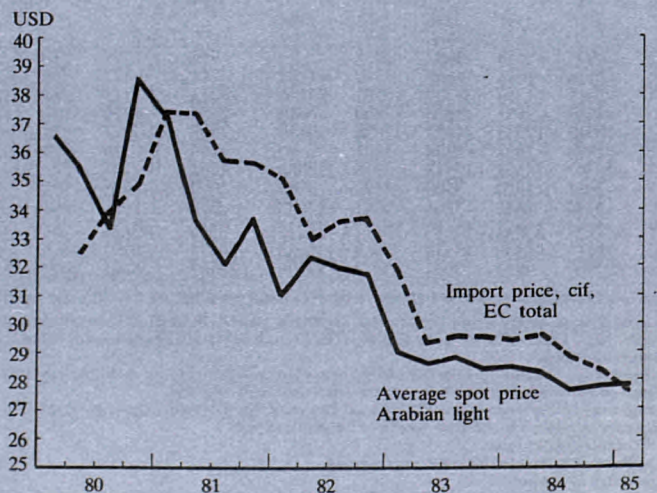


TABLE A.1 : Industrial production¹ - Percentage change on preceding period (s.a.)

	Change over preceding period (%)																	Change over 12 months a ²
	1980	1981	1982	1983	1984	1983	1984				1984				1985			
						IV	I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
B	-1.3	-2.7	0	2.0	3.3	1.7	-0.5	0.9	1.6	0.9	-0.6	5.3	-4.0	0.3	4.8	-5.9	:	1.4
DK	0.2	0	2.7	3.2	9.7	1.7	5.3	0	2.4	5.1	8.6	-6.4	8.8	-0.3	-4.4	3.0	-3.0	2.7
D	0.2	-1.9	-2.9	0.6	3.0	2.6	1.0	-4.4	6.1	1.6	-1.4	0.5	1.6	0.4	-0.3	0.3	-0.6	3.9
GR	0.9	-0.6	-4.2	-0.7	2.8	0.4	2.0	0.6	0.9	0.2	1.3	0.9	3.1	-3.1	-5.5	4.5	:	-1.2
F	-0.7	-2.3	-1.5	0.8	3.1	-0.3	2.1	-1.3	3.1	-2.5	0	-2.2	0.8	-1.5	-2.3	-1.6	4.7	-2.9
IRL	-0.8	1.5	0	7.0	13.4	3.9	2.9	8.3	-3.4	6.7	-3.6	8.3	-0.5	3.0	2.9	-4.5	:	13.4
I	5.5	-1.6	-3.0	-3.2	3.1	0.4	1.3	0.6	1.8	-1.8	1.5	1.2	-2.5	-1.2	0.5	-3.9	8.1	6.4
L	-3.3	-5.7	2.3	5.4	:	7.8	0.7	1.9	2.9	:	-3.0	6.5	:	:	:	:	:	14.7
NL	-1.0	-2.0	-4.1	2.1	5.2	1.7	4.1	0.7	0	-1.0	3.0	-1.0	-2.0	1.0	0	5.9	-1.9	6.3
UK	-6.7	-3.5	2.2	3.3	0.9	1.1	0.1	-2.1	0.4	0.9	0.5	0.8	-0.2	0.2	0.7	1.5	-0.2	0.3
EC	-0.5	-2.3	-1.5	0.8	(2.8)	1.6	0.7	-1.1	2.3	(0.8)	1.0	-0.1	(1.2)	(-0.9)	(-0.1)	(-0.2)	(1.5)	(3.4)
USA	-4.5	2.5	-8.5	7.8	11.2	2.4	2.8	2.2	1.7	-0.4	0.2	-0.5	-0.3	0.3	(0.2)	(0)	(-0.4)	(3.1)
JAP	4.7	1.0	0.3	3.6	11.1	2.9	3.2	2.8	1.5	2.8	0.7	-1.0	3.3	0.3	-0.7	-0.2	(0.8)	(5.9)

TABLE A.2 : Unemployment rate - Number of unemployed as percentage of civilian labour force (s.a.)

	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % ²
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B	(9.1)	11.1	13.0	14.3	14.4	14.4	14.3	14.3	14.4	14.5	14.3	14.4	14.4	14.3	14.7	14.4	14.4	1.1
DK	6.7	8.9	9.5	10.2	(9.9)	10.2	10.0	10.0	(9.4)	(9.4)	9.8	9.9	9.3	(9.1)	(9.5)	(9.3)	(9.4)	(-6.6)
D	3.3	4.7	6.8	8.4	8.4	8.5	8.4	8.5	8.3	8.6	8.5	8.3	8.3	8.2	8.5	8.5	8.6	3.4
F	6.4	7.8	8.8	9.0	10.1	9.6	10.0	10.2	10.6	10.7	10.3	10.5	10.6	10.7	10.8	10.6	10.6	7.7
IRL	8.2	10.2	12.2	14.9	16.3	16.1	16.3	16.4	16.6	17.0	16.5	16.4	16.6	16.7	16.9	17.1	17.0	7.7
I	8.0	8.8	10.5	11.9	12.8	12.6	12.9	12.8	13.1	13.4	12.8	12.9	13.1	13.2	13.3	13.4	13.6	7.7
L	0.7	1.0	1.3	1.5	1.7	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	1.7	1.7	-2.0
NL	6.2	8.8	11.7	14.0	14.3	14.7	14.6	14.3	13.8	13.5	14.2	14.0	13.8	13.5	13.5	13.6	13.4	-7.4
UK	(6.0)	(9.2)	(10.6)	11.5	11.8	11.7	11.7	11.8	11.9	12.0	11.9	11.9	11.9	11.9	12.0	12.0	12.1	4.0
EC ⁹	(6.0)	(7.8)	(9.4)	10.6	(11.1)	10.9	11.0	11.1	(11.2)	(11.4)	11.1	11.2	11.2	(11.2)	(11.4)	(11.4)	(11.4)	(4.3)
USA ⁶	7.1	7.6	9.7	9.6	7.5	7.9	7.5	7.5	7.2	...	7.4	7.4	7.1	7.2	7.4	7.3	...	-5.4
JAP ⁶	2.0	2.2	2.4	2.7	2.7	2.7	2.7	2.8	2.7	2.5	2.8	2.8	2.7	2.6	2.4	2.6	2.6	-1.9

TABLE A.3 : Consumer price index - Percentage change on preceding period

	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % ²
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B	6.6	7.6	8.7	7.7	6.4	1.9	1.4	1.2	0.9	1.8	0.3	0.5	0	0.2	0.6	1.0	0.8	5.7
DK	...	11.7	10.1	6.9	6.3	1.5	1.8	1.0	1.4	1.3	0.7	0.4	0.7	-0.2	0.5	0.7	0.8	5.7
D	5.4	6.3	5.3	3.3	2.4	0.9	0.5	0	0.7	1.1	0.1	0.6	0.2	0.1	0.6	0.4	0.3	2.5
GR	24.9	24.5	21.0	20.5	18.3	4.1	5.9	1.6	5.5	4.5	2.9	2.5	1.2	1.4	2.3	-0.2	2.9	18.3
F	...	13.4	11.8	9.6	7.3	1.7	1.8	1.7	1.4	1.4	0.5	0.7	0.3	0.2	0.5	0.5	0.7	6.4
IRL ⁷	...	20.4	17.2	10.4	8.6	2.4	2.2	1.2	0.7	1.9	(0.2)	(0.2)	(0.2)	(0.6)	(0.6)	(0.6)	...	6.2
I	21.2	17.8	16.5	14.7	10.8	2.9	2.3	1.4	2.4	2.8	0.8	1.0	0.8	0.6	1.1	1.2	(0.7)	(9.3)
L	6.3	8.1	9.4	8.7	5.6	1.4	0.8	0.1	0.6	0.7	0	0.6	0.1	-0.4	0.3	0.6	0.5	2.7
NL	...	6.7	5.7	2.7	3.2	0.7	0.9	0.1	1.2	0.2	0.4	0.8	0.1	-0.1	-0.2	0.3	0.7	2.4
UK	18.0	11.9	8.6	4.6	5.0	0.6	2.0	0.9	1.2	1.3	0.2	0.6	0.3	-0.1	0.4	0.8	0.9	6.1
CE	...	11.7	10.1	7.6	6.3	1.5	1.6	0.9	1.5	1.6	0.4	0.7	0.4	0.2	0.6	0.7	(0.7)	(5.9)
USA	13.5	10.3	6.2	3.2	4.3	1.1	1.1	1.1	0.7	0.7	0.5	0.3	0	0.1	0.2	0.4	0.5	3.8
JAP	8.0	4.9	2.7	1.9	2.2	0.4	0.9	-0.2	1.2	0.1	1.6	0.8	-0.6	0.2	0.5	-0.8	0.4	1.6

TABLE A.4 : Volume of retail sales - Percentage change on preceding period (s.a.)

	1980	1981	1982	1983	1984	1983				1984				1984				Change over 12 months % ²
						IV	I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
B	...	-3.3	-1.3	-7.8	-3.1	-3.7	1.6	-3.6	1.6	-1.3	-1.4	1.3	-1.2	0.7	-2.9	...	...	-2.2
DK	...	-0.6	1.7	1.6	3.0	-1.0	1.5	0.9	0.1	0.4	0	1.8	-1.4	1.8	-1.6	-0.9	-1.1	-4.3
D	...	-1.5	-3.7	0.9	-0.2	-0.4	1.1	1.0	-0.8	-1.4	1.3	-0.7	-0.2	-0.6	-2.6	6.7	-6.4	-6.5
GR	...	-3.6	-3.6	-1.5	4.5	-1.7	4.2	3.3	-1.4	-1.2	-5.1	3.9	-6.3	6.7	0.2	-10.1	...	-5.7
F	...	-2.2	1.3	-3.1	-5.0	-1.8	1.1	-3.4	-1.6	-2.2	7.6	-0.9	-5.4	3.3	-1.9	2.8	...	-4.4
IRL	...	-0.6	-5.4	-3.5	-1.4	2.0	-3.3	3.9	-1.6	1.4	0.3	0.7	3.1	-3.6	0.6	...	...	-1.7
I	...	2.9	3.9	2.4	9.3	1.6	2.5	3.9	0.3	4.2	5.6	2.0	-1.1	1.4	3.5	-3.5	...	7.6
L ⁸	...	3.9	4.6	-4.9	-2.1	-1.2	1.0	-1.5	-1.5	1.0	7.0	-1.3	-0.8	3.3	-5.0	...	...	-4.1
NL	...	-3.6	-2.9	-1.9	-2.7	-2.1	0	-1.5	0.6	-0.5	7.9	-3.7	-1.6	5.2	-6.6	3.2	-0.1	-2.7
UK	...	0.4	2.1	5.3	3.8	1.4	-0.9	2.4	0.7	2.3	-0.3	2.7	-0.6	0.7	2.3	-3.6	1.1	3.7
CE	...	-0.7	0.1	0.6	(1.4)	-0.2	1.0	0.8	-0.3	(0.5)	3.2	0.5	-1.7	1.3	-0.2	(0.8)	...	(2.7)
USA	-2.9	1.1	-1.0	7.1	8.4	2.7	2.6	2.6	-0.8	1.6	-0.3	0.7	0.3	1.2	0.3	-0.3	1.2	(4.6)
JAP ⁸	-1.1	1.8	0.7	0.9	(3.2)	-1.0	3.4	-1.5	2.6	(-2.5)	-1.6	1.9	-3.2	-0.8	(1.5)	(4.7)	...	(4.9)

TABLE A.5 : Visible trade balance - fob/cif, million ECU (s.a.)

	1980	1981	1982	1983	1984	1983	1984				1984					1985		Change over 12 months %
						IV	I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
B/L	-4993	-5418	-3082	-2435	:	-974	-1097	-1276	-1478	:	-477	-628	-615	:	:	:	:	(-117)
DK	-2116	-1475	-1866	-740	-1108	-244	-377	-383	-188	-204	-78	-34	-200	-25	21	-174	-132	28
D	3615	11239	21599	18501	24136	4053	5113	3846	5614	8377	2142	2021	3257	2861	2260	2010	2156	88
GR	-3853	-3951	-5826	-5800	-6018	-1550	-1239	-1011	-1146	-2049	-478	-179	-438	-376	-1259	:	:	-404
F	-16948	-17283	-24457	-15628	-13130	-2507	-3977	-3332	-2450	-2736	-782	-852	-1274	-897	-566	-1470	-1610	-173
IRL	-1893	-2467	-1574	-621	95	-139	-116	195	26	-32	-187	111	-94	-4	66	-29	(74)	(165)
I	-15307	-13554	-12513	-8516	-13868	-1562	-2201	-3872	-2230	-5148	-1113	-921	-1296	-2730	-1122	-1780	(-1945)	(-1317)
NL	-2981	1320	3500	4499	4740	1099	796	1858	589	1419	234	103	416	560	444	(50)	:	(-204)
UK	-3353	-445	-3295	-9681	-14005	-2573	-2668	-3686	-3876	-3930	-1298	-1665	-1720	-946	-1265	-1008	-1489	-1240
CE ⁹	-47829	-32033	-27515	-20422	(-24272)	-4555	-5834	-7810	-5221	(-6174)	-2080	-2061	-2035	(-1926)	(-2213)	(-3177)	(-3447)	(-2254)
USA	-26113	-35538	-43518	-77969	-156288	-26373	-36262	-36181	-46099	-38116	-13004	-15565	-13253	-13700	-11163	-14652	-16942	(-4444)
JAP	-7707	7832	7034	23072	42599	6432	8662	10121	9698	14810	1863	4596	4175	5613	5022	5699	3683	880

TABLE A.6: Money stock¹⁰ - Percentage change on preceding period (s.a.)

		1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % ⁴
							I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B	(M2)	2.6	5.8	5.7	8.7	5.7	3.0	1.6	1.5	-0.5	..	..	..	..	..	..	..	..	5.7
DK	(M2)	8.1	9.6	11.5	25.5	17.8	3.4	3.6	4.0	5.6	-0.9	0.9	2.7	1.2	1.7	-0.6	0.5	-0.7	12.9
D	(M3)	6.2	5.0	7.1	5.3	4.7	0.2	1.5	1.6	1.4	0.9	0.7	0.3	0.4	0.7	0.1	0.6	0.2	5.4
GR	(M3)	24.7	34.7	29.0	20.3	(29.1)	4.3	7.5	5.8	(8.9)	..	1.0	2.6	2.7	(3.4)	(1.5)	(2.5)	..	29.9
F	(M2R)	8.4	10.4	10.8	11.2	7.7	1.0	2.2	1.6	2.2	..	1.8	-0.4	0.2	2.4	(0.1)	..	..	(7.5)
IRL	(M3)	17.7	17.4	13.0	5.6	10.1	0	3.1	2.9	3.8	..	0.1	1.7	0.2	1.9	-0.5	-1.1	..	8.2
I	(M2)	12.7	9.9	16.9	13.3	12.1	1.9	2.1	3.4	2.8	..	1.3	0.9	0.6	1.3	2.2	0.5	..	13.6
NL	(M2)	3.8	5.3	7.6	10.4	7.7	0.3	3.4	2.6	1.1	..	0.2	-0.7	2.5	-0.7	-1.2	..	..	6.6
UK	(M3)	18.5	13.7	8.9	10.3	9.8	2.1	3.2	1.1	2.9	2.2	1.3	0.3	2.7	-0.1	0.7	0.5	1.0	9.8
EC ¹¹		10.4	9.4	10.4	10.1	(8.5)	1.2	2.4	2.0	(2.2)	..	1.1	0.3	1.0	(1.0)	(0.5)	..	..	(8.0)
USA	(M2)	8.9	10.0	9.4	11.7	8.2	1.5	1.9	1.5	3.0	..	0.6	0.5	1.3	1.3	..	..	..	8.2
JAP	(M2)	7.2	11.0	7.9	7.3	7.9	2.3	1.4	3.1	0.8	..	1.8	-0.8	0.8	0.8	0.5	0.9	..	7.6

TABLE A.7: Short-term interest rates¹²

		1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % ⁵
							I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B		14.2	15.6	14.1	10.5	11.5	12.4	11.9	11.0	10.7	10.7	11.0	10.8	10.7	10.7	10.7	10.7	9.8	-2.1
DK		16.9	14.9	16.4	12.1	11.5	11.4	11.7	11.3	12.0	12.0	11.0	11.4	12.0	11.4	9.2	12.0	10.5	-2.1
D		9.5	12.3	8.8	5.8	6.0	5.8	6.1	5.8	5.8	6.3	6.1	5.8	5.8	6.0	6.2	6.3	6.0	0.2
GR		11.0	16.8	20.2	19.4	15.7	15.8	14.6	15.0	16.8	19.3	16.5	16.3	16.8	14.9	15.5	19.3	16.3	2.3
F		12.3	15.6	14.6	12.5	11.7	12.6	12.2	11.0	10.8	10.7	10.3	10.6	10.8	10.4	10.8	10.7	10.4	-2.0
IRL		16.2	16.6	17.5	14.1	13.3	13.0	12.4	13.0	15.0	13.9	13.3	14.9	15.0	14.7	14.7	13.9	12.9	0.1
I		17.6	20.0	20.1	18.1	17.2	17.4	16.9	17.7	17.0	15.6	17.3	17.1	17.0	16.1	16.2	15.6	15.2	-2.2
NL		10.6	11.8	8.3	5.7	6.1	6.1	6.2	6.2	5.7	6.9	6.0	5.9	5.7	6.4	7.1	6.8	7.1	1.2
UK		16.8	14.2	12.2	10.1	10.1	8.9	9.6	10.8	10.0	13.2	10.6	9.8	10.0	12.7	14.0	13.2	12.6	3.7
EC ¹³		13.4	15.0	13.2	10.8	10.5	10.5	10.5	10.5	10.2	10.8	10.3	10.1	10.2	10.5	10.9	10.8	10.4	0
USA		11.6	14.0	10.6	8.7	9.5	9.7	9.9	10.2	7.8	8.2	9.1	8.4	7.8	7.9	8.5	8.2	8.8	-0.7
JAP		10.9	7.4	6.9	6.4	6.1	6.0	5.9	6.3	6.4	6.4	6.2	6.1	6.4	6.2	6.2	6.4	..	0.4

TABLE A.8: Long-term interest rates¹⁴

		1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % ⁵
							I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B		12.2	13.8	13.5	11.8	12.0	12.2	12.1	11.9	11.6	11.5	11.9	11.7	11.5	11.6	11.6	11.6	11.5	-0.7
DK		18.7	19.3	20.5	14.4	14.0	14.0	14.6	14.6	14.0	13.0	14.6	14.2	14.2	14.0	13.3	13.2	13.0	-1.0
D		8.5	10.4	9.0	7.9	7.8	7.9	8.1	7.6	7.0	7.6	7.6	7.4	7.2	7.0	7.1	7.4	7.6	-0.3
GR		17.1	17.7	15.4	18.2	18.5	19.6	18.3	16.4	17.9	18.4	16.4	17.3	16.4	17.9	18.3	18.4	18.4	-1.2
F		13.7	16.3	16.0	14.4	13.4	14.0	14.0	13.1	12.7	12.3	13.1	12.0	12.4	12.7	12.1	12.3	12.3	-1.7
IRL		15.4	17.2	17.0	13.9	14.6	14.1	14.6	15.0	14.9	13.6	15.0	15.0	15.3	14.9	14.5	14.7	13.6	-0.5
I		16.1	20.6	20.9	18.0	14.9	15.4	14.9	14.5	13.9	12.8	14.5	14.6	14.4	13.9	12.3	12.4	12.8	-2.6
NL		7.4	8.6	10.4	9.8	10.3	10.1	10.4	10.4	10.0	9.7	10.4	10.6	10.3	10.0	10.0	9.8	9.7	-0.4
UK		10.7	12.2	10.5	8.8	8.6	8.7	8.9	8.4	7.8	8.6	8.4	8.0	7.8	7.8	7.8	8.2	8.6	-0.1
EC ¹³		13.9	14.8	12.7	10.8	10.8	10.2	11.3	10.6	10.8	10.7	10.6	10.6	10.3	10.7	11.0	11.0	10.7	0.5
USA		12.7	14.9	14.0	12.2	11.4	11.5	11.7	11.1	10.8	10.7	11.1	10.8	10.7	10.8	10.4	10.6	10.7	-0.8
JAP		10.8	12.9	12.2	10.8	11.2	11.9	13.0	12.0	11.2	11.8	12.0	11.7	11.3	11.2	11.2	11.4	11.8	-0.1
		9.2	8.7	8.1	7.4	6.3	6.6	7.1	6.8	6.3	6.6	6.8	6.6	6.4	6.3	6.3	6.8	6.6	0

TABLE A.9: Value of ECU - 1 ECU = ... units of national currency or SDR

		1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % ⁵
							I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
BFR/LFR		40.60	41.29	44.68	45.44	45.44	45.90	45.59	45.25	45.01	44.66	45.19	45.01	44.54	44.52	44.68	44.80	45.03	-1.3
DKR		7.83	7.92	8.15	8.13	8.15	8.18	8.20	8.15	8.04	7.96	8.07	8.06	8.00	7.95	7.96	7.97	8.03	-2.1
DM		2.53	2.51	2.38	2.27	2.24	2.24	2.24	2.24	2.23	2.23	2.23	2.23	2.23	2.22	2.23	2.23	2.24	0.1
DR		59.24	61.62	65.30	78.09	88.44	84.90	88.46	88.83	91.57	91.97	91.42	91.94	91.35	90.69	90.77	94.45	97.29	9.9
FF		5.87	6.04	6.43	6.77	6.87	6.90	6.87	6.87	6.84	6.81	6.85	6.84	6.84	6.81	6.80	6.81	6.82	-0.6
IRL		0.676	0.691	0.690	0.715	0.726	0.728	0.730	0.726	0.719	0.715	0.721	0.720	0.716	0.714	0.715	0.715	0.715	-1.9
LIT		1189	1263	1324	1350	1381	1382	1382	1380	1382	1382	1383	1387	1376	1368	1376	1404	1428	3.3
HFL		2.76	2.78	2.62	2.54	2.52	2.53	2.52	2.53	2.52	2.52	2.52	2.52	2.52	2.51	2.52	2.52	2.53	0.4
UKL		0.598	0.553	0.561	0.587	0.591	0.579	0.591	0.592	0.601	0.614	0.597	0.601	0.606	0.622	0.617	0.602	0.584	-1.7
USD		1.391	1.116	0.981	0.890	0.789	0.832	0.825	0.768	0.731	0.684	0.728	0.746	0.720	0.702	0.676	0.675	0.725	-14.2
YEN		315.0	245.4	243.5	211.4	187.0	191.9	189.5	186.9	179.8	176.1	179.7	181.5	178.3	178.3	175.9	174.2	182.3	-4.2
SDR		1.068	0.946	0.888	0.833	0.767	0.792	0.789	0.757	0.732	0.707	0.723	0.744	0.729	0.720	0.702	0.700	0.731	-8.5

TABLE A.10: Effective exchange rates: export aspect¹⁵ - Percentage change on preceding period

	Change over 12 months % ⁵																	
	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % ⁵
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B/L	-0.5	-5.3	-9.2	-2.5	-1.8	-0.1	0.6	0	-0.3	0.1	-0.3	0.7	-0.1	0.5	-0.7	-0.2	0.6	-0.2
DK	-7.9	-6.8	-4.0	-0.1	-2.9	-0.5	-0.3	-0.5	0.4	0.3	0.3	0.7	0.1	0.5	-0.8	-0.1	0.6	0.1
D	0.4	-5.2	5.1	4.2	-1.0	0.3	0.4	-1.4	-0.9	-0.7	-0.1	0.7	-0.9	0	-0.6	0	1.4	-2.5
GR	-13.5	-9.4	-7.3	-18.0	-14.4	-5.2	-4.1	-1.7	-4.2	-1.5	-3.0	0	-0.2	0.3	-0.7	-3.7	-1.1	-11.2
F	0.4	-8.6	-8.0	-6.7	-4.2	-0.5	0.4	-1.2	-0.8	-0.4	0	0.7	-0.8	0.1	-0.4	0	1.6	-1.5
IRL	-2.0	-8.3	-1.1	-3.4	-3.6	-0.2	0.2	-0.7	0.4	0.1	0.3	0.8	0.1	0.5	-0.9	-0.4	0.8	-0.5
I	-3.7	-12.2	-6.7	-3.5	-5.3	-1.3	-0.1	-1.1	-1.5	-1.1	-0.4	0.2	0.1	0.3	-1.2	-2.1	-0.1	-5.9
NL	0.1	-5.0	5.5	2.3	-1.5	-0.1	0.4	-1.2	-0.6	-0.8	0	0.5	-0.7	0	-0.7	0.1	0.9	-2.3
UK	10.1	1.1	-4.6	-7.0	-4.4	-1.6	-2.2	-1.8	-3.4	-3.6	-2.0	0	-2.0	-3.3	0.2	2.7	5.9	-1.4
ECU	2.2	-14.9	-5.5	-5.3	-8.2	-1.5	-0.5	-3.2	-3.3	-2.7	-1.2	1.3	-2.0	-0.9	-1.5	0.2	4.7	-6.0
USA	-0.3	14.0	12.1	7.1	8.9	0.8	1.0	6.3	3.2	6.2	1.3	-1.8	2.7	2.3	3.6	0.6	-4.8	14.9
JAP	-4.1	14.0	-4.8	11.5	6.6	2.2	1.3	-1.9	1.3	-0.6	0.3	0.2	0	-1.0	-0.1	1.3	-0.7	-1.7

Principal economic policy measures — April 1985.

Community (EC)

13.4 The Council of Economic and Finance Ministers of the Member States, meeting informally at Palermo discussed the strengthening of the EMS and the Economic and social situation.

Belgium (B)

The National Bank of Belgium reduced the rate of interest on short-term Treasury certificates in several stages. The rate on three-month certificates thus declined from 10,70 % on 25 March to 9,75 % on 23 April.

Denmark (DK)

3.4 The Centralbank lowered the rate of interest charged for second-tranche borrowing by 2 %-points to 10 % while the rate of interest charged for first-tranche borrowing was left unchanged at 8 %. The corresponding borrowing limits for private banks at the Centralbank were fixed at 18 % of the individual bank's net capital (6 % in first-tranche and 12 % in second tranche) for the month of April.

Federal Republic of Germany (D)

26.4 The Parliament approved government proposals to increase old age pensions as from 1st July. Taking account of higher contributions by pensioners for health insurance, the increase in net pensions amounts to 1,4 %.

Greece (GR)

3.4 By decision of the Committee for monetary and financial affairs, the rate of interest on export credits granted by banks will be 10,5 % irrespective of the term (which was previously fixed by regulation at no less than nine months).

3.4 An interministerial decision set a ceiling of 10 % on the percentage of net profits distributed to employees by limited companies; no individual may receive a share in profits of an amount greater than 15 % of his of her gross remuneration.

24.4 The Minister of Trade made the following changes to the control arrangements in force since May 1984 :

- i) undertaking will now be obliged to maintain prices only for 20 days, instead of four months, from the date of approval;
- ii) all restrictions are lifted on the prices charged for forty groups of products by companies whose turnover exceeds DRA 500 million.

France (F)

1.4 Two successive increases in the SMIC were recorded by virtue of the automatic price-indexation schema. On 1 April, the hourly rate was increased by 2,2 % to FF 24,90; on 1 May a further increase of 2,56 % will be granted. Moreover, the "double SMIC" which has existed since the legal working week was reduced from 40 to 39 hours on 1 February 1982, will be discontinued.

4.4 Restrictions on gas prices for the major industrial consumers were lifted, which resulted in a 6 % increase from 8 April.

11.4 The draft budget for 1986 provides for a deficit of no more than 3 % of GDP and a decline in personal taxation of 3 %. On the other side, civil service recruitment will not make up for retirements, while various static aids will be reduced by about 15 % in cash terms. Investment is not affected.

11.4 Fuel taxes were raised by a little over 2 centimes a litre. The increase, which is to finance a contribution to the special fund for major works, was provided for in the 1985 budget.

25.4 Unemployment benefits were increased as from 1 April. The reference wage used as a basis for calculating Assedic benefits was increased by 2,45 %; the flat-rate component of ordinary benefits was raised by 3,38 %, and guaranteed income benefit was raised by 3,5 %.

Ireland (IRL)

11.4 The Government published the 1985 Finance Bill, giving effect to the provisions of the January Budget. The Bill also includes provision for the sale of special tax-free Government securities to Irish based subsidiaries of multinational companies. The provision is designed to reduce the current high level of profit repatriation by subsidiaries.

Italy (I)

None.

Luxembourg (L)

None.

Netherlands (NL)

None.

United Kingdom (UK)

None.

Prices (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
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